

LAW OFFICES  
**BLOOSTON, MORDKOFKY, DICKENS, DUFFY & PRENDERGAST**  
2120 L STREET, NW  
WASHINGTON, DC 20037

HAROLD MORDKOFKY  
BENJAMIN H. DICKENS, JR.  
JOHN A. PRENDERGAST  
GERARD J. DUFFY  
RICHARD D. RUBINO  
MARY J. SISAK  
D. CARY MITCHELL

ARTHUR BLOOSTON  
1914 - 1999

(202) 659-0830  
FACSIMILE: (202) 828-5568

**AFFILIATED SOUTH AMERICAN OFFICES**

**ESTUDIO JAUREGUI & ASSOCIATES**  
BUENOS AIRES, ARGENTINA

**ROBERT M. JACKSON**  
OF COUNSEL

**PERRY W. WOOFER**  
LEGISLATIVE CONSULTANT

**EUGENE MALISZEWSKYJ**  
DIRECTOR OF ENGINEERING  
PRIVATE RADIO

ORIGINAL

March 9, 2005

**WRITER'S CONTACT INFORMATION**

202-828-5528  
gjd@bloostonlaw.com

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12th Street, SW  
Washington, DC 20554  
Attention: Wireline Competition Bureau

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Federal Communications Commission  
Office of Secretary

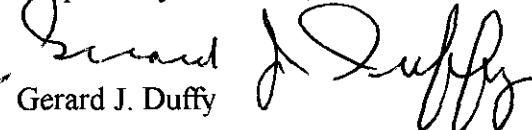
**RE: Sioux Valley Telephone Company  
Hills Telephone Company  
CC Docket No. 96-45**

Dear Ms. Dortch:

Transmitted herewith, on behalf of Sioux Valley Telephone Company ("Sioux Valley") and Hills Telephone Company ("Hills"), are their responses to questions from the Wireline Competition Bureau staff regarding their pending petition for waiver of the study area boundary freeze in the Appendix-Glossary of Part 36 of the Rules and for waiver of the definition of "average schedule company" in Section 69.605(c) of the Rules. The purpose of the waivers is to permit the sale of the Valley Springs, East Valley Springs and North Larchwood exchanges (approximately 557 access lines) from Sioux Valley to Hills.

Should any questions arise concerning these matters, please contact undersigned counsel.

Respectfully submitted,

  
Gerard J. Duffy

Cc: Gary Siegel  
Sheryl Todd

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# ORIGINAL

## HEARTLAND CONSULTING

1000 Innovative Drive  
Mitchell, SD 57301  
Phone: (605) 995-6120  
FAX: (605) 995-0084  
**Email: [larryhettinger@goldenwest.com](mailto:larryhettinger@goldenwest.com)**

Responses of Sioux Valley Telephone Company and Hills Telephone Company, Inc. to Questions from the FCC:

1. Provide the amount of NECA interstate average schedule settlements for the Sioux Valley Telephone Company Study Area and the Hills Telephone Company (South Dakota Study Area) before and after the sales transaction.

Sioux Valley (all 8 exchanges), Before the Sale: Approx. \$230,004 Per Month  
Sioux Valley (remaining 5 exchanges), After the Sale: Approx. \$210,029 Per Month  
Hills Telephone Company (with 3 exchanges): Approx. \$22,053 Per Month

2. Provide the local switching rate and the two "most significant" transport rates for the Sioux Valley Telephone Company Study Area and the Hills Telephone Company (South Dakota Study Area) before and after the sales transaction.

Sioux Valley (all 8 exchanges), Before the Sale: NECA Local Switching Rate (Band 2) of \$.007731 Per Minute  
Sioux Valley (remaining 5 exchanges), After the Sale: NECA Local Switching Rate (Band 1) of \$.005798 Per Minute  
Hills Telephone Company (with 3 exchanges): NECA Local Switching Rate (Band 8) of \$.019328 Per Minute

The two most significant transport rates that apply for Sioux Valley now, and that will apply for Sioux Valley after the sale, and for Hills after the sale, are all the same transport rates. The transport rates that would apply are the NECA Tandem Switched Transport Facility Rate of \$.000165 Per Minute Per Airline Mile, and the NECA Tandem Switched Transport Termination Rate of \$.000816 Per Termination.

3. Provide the amount of ICLS (Interstate Common Line Support) in total, and per line, for the Sioux Valley Telephone Company Study Area and for the Hills Telephone Company (South Dakota Study Area) before and after the sales transaction.

Sioux Valley (all 8 exchanges), Before the Sale: \$409,166 Per Year, or \$69.00 Per Line Per Year

Sioux Valley (remaining 5 exchanges), After the Sale: Approx. \$338,995 Per Year, or \$63.09 Per Line Per Year

Hills Telephone Company (with 3 exchanges): Approx. \$79,734 Per Year, or \$143.15 Per Line Per Year